

1 AN ACT concerning finance.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Finance Authority Act is amended by
5 adding Sections 825-105 and 825-110 as follows:

6 (20 ILCS 3501/825-105 new)

7 Sec. 825-105. Implementation of ARRA provisions regarding
8 recovery zone bonds.

9 (a) Findings.

10 Recovery zone bonds authorized by the American Recovery and
11 Reinvestment Act of 2009 are an important economic development
12 tool for the State. All counties in the State and
13 municipalities in the State with a population of 100,000 or
14 more have received an allocation of recovery zone bond
15 authorization. Under federal law, those allocations must be
16 used on or before December 31, 2010. The State strongly
17 encourages counties and municipalities to issue recovery zone
18 bonds to spur economic development in the State. Under federal
19 law, the allocations may be voluntarily waived to the State for
20 reallocation by the State to other jurisdictions and other
21 projects in the State. This Section sets forth the process by
22 which the Authority, on behalf of the State, will receive

1 otherwise unused allocations and ensure that this valuable
2 economic development incentive will be used to the fullest
3 extent feasible for the benefit of the citizens of the State of
4 Illinois.

5 (b) Definitions.

6 (i) "Affected local government" means either any
7 county in the State or a municipality within the State if
8 the municipality has a population of 100,000 or more.

9 (ii) "Allocation amount" means the \$666,972,000 amount
10 of recovery zone economic development bonds and
11 \$1,000,457,000 amount of recovery zone facility bonds
12 authorized under ARRA for the financing of qualifying
13 projects located within the State and the sub-allocation of
14 those amounts among each affected local government.

15 (iii) "ARRA" means, collectively, the American
16 Recovery and Reinvestment Act of 2009, including, without
17 limitation, Sections 1400U-1, 1400U-2, and 1400U-3 of the
18 Code; the guidance provided by the Internal Revenue Service
19 applicable to recovery zone bonds; and any legislation
20 subsequently adopted by the United States Congress to
21 extend or expand the economic development bond financing
22 incentives authorized by ARRA.

23 (iv) "ARRA implementing regulations" means the
24 regulations promulgated by the Authority as further
25 described in subdivision (d)(iv) of this Section to

1 implement the provisions of this Section.

2 (v) "Code" means the Internal Revenue Code of 1986, as
3 amended.

4 (vi) "Recovery zone" means any area designated
5 pursuant to Section 1400U-1 of the Code.

6 (vii) "Recovery zone bond" means any recovery zone
7 economic development bond or recovery zone facility bond
8 issued pursuant to Sections 1400U-2 and 1400U-3,
9 respectively, of the Code.

10 (viii) "Recovery zone bond allocation" means an
11 allocation of authority to issue recovery zone bonds
12 granted pursuant to Section 1400U-1 of the Code.

13 (ix) "Regional authority" means the Central Illinois
14 Economic Development Authority, Eastern Illinois Economic
15 Development Authority, Joliet Arsenal Development
16 Authority, Quad Cities Regional Economic Development
17 Authority, Riverdale Development Authority, Southeastern
18 Illinois Economic Development Authority, Southern Illinois
19 Development Authority, Southwestern Illinois Development
20 Authority, Tri-County River Valley Development Authority,
21 Upper Illinois River Valley Development Authority,
22 Illinois Urban Development Authority, Western Illinois
23 Economic Development Authority, or Will-Kankakee Regional
24 Development Authority.

25 (x) "Sub-allocation" means the portion of the
26 allocation amount allocated to each affected local

1 government.

2 (xi) "Waived recovery zone bond allocation" means the
3 amount of the recovery zone bond allocation voluntarily
4 waived by an affected local government.

5 (xii) "Waiver agreement" means an agreement between
6 the Authority and an affected local government providing
7 for the voluntary waiver, in whole or in part, of that
8 affected local government's sub-allocation to the
9 Authority. The waiver agreement may provide for the payment
10 of an affected local government's reasonable fees and costs
11 as determined by the Authority in connection with the
12 affected local government's voluntary waiver of its
13 sub-allocation.

14 (c) Additional findings.

15 It is found and declared that:

16 (i) it is in the public interest and for the benefit of
17 the State to maximize the use of economic development
18 incentives authorized by ARRA;

19 (ii) those incentives include the maximum use of the
20 allocation amount for the issuance of recovery zone bonds
21 to promote job creation and economic development in any
22 area that has been designated as a recovery zone by an
23 affected local government under the applicable provisions
24 of ARRA;

25 (iii) those incentives also include the issuance by the

1 Authority of recovery zone bonds for the purposes of
2 financing qualifying projects to be financed with proceeds
3 of recovery zone bonds; and

4 (iv) the provisions of this Section reflect the State's
5 determination in good faith and in its discretion of the
6 reasonable manner in which waived recovery zone bond
7 allocations should be reallocated by the Authority.

8 (d) Powers of Authority.

9 (i) In order to carry out the provisions of ARRA and
10 further the purposes of this Section, the Authority has:

11 (A) the power to receive from any affected local
12 government its sub-allocation that it voluntarily
13 waives to the Authority, in whole or in part, for
14 reallocation by the Authority to a regional authority
15 specifically designated by that affected local
16 government, and the Authority shall reallocate that
17 waived recovery zone bond allocation to the regional
18 authority specifically designated by that affected
19 local government; provided that (1) the affected local
20 government must take official action by resolution or
21 ordinance, as applicable, to waive the sub-allocation
22 to the Authority and specifically designate that its
23 waived recovery zone bond allocation should be
24 reallocated to a regional authority; (2) the regional
25 authority must use the sub-allocation to issue

1 recovery zone bonds on or before August 16, 2010 and,
2 if recovery zone bonds are not issued on or before
3 August 16, 2010, the sub-allocation shall be deemed
4 waived to the Authority for reallocation by the
5 Authority to qualifying projects; and (3) the proceeds
6 of the recovery zone bonds must be used for qualified
7 projects within the jurisdiction of the applicable
8 regional authority;

9 (B) at the Authority's sole discretion, the power
10 to reallocate any sub-allocation deemed waived to the
11 Authority pursuant to subsection (d)(i)(A)(2) back to
12 the regional authority that had the sub-allocation;

13 (C) the power to enter into waiver agreements with
14 affected local governments to provide for their
15 voluntary waivers, in whole or in part, of their
16 sub-allocations, to receive waived recovery zone bond
17 allocations from those affected local governments, and
18 to use those waived recovery zone bond allocations, in
19 whole or in part, to issue recovery zone bonds of the
20 Authority for qualifying projects or to reallocate
21 those waived recovery zone bond allocations, in whole
22 or in part, to a county or municipality to issue its
23 own recovery zone bonds for qualifying projects;

24 (D) the power to designate areas within the State
25 as recovery zones or all of the State as a recovery
26 zone; and

1 (E) the power to issue recovery zone bonds for any
2 project authorized to be financed with proceeds
3 thereof under the applicable provisions of ARRA.

4 (ii) In addition to the powers set forth in item (i),
5 the Authority shall be the sole recipient, on behalf of the
6 State, of any waived recovery zone bond allocations.
7 Recovery zone bond allocations can be waived to the
8 Authority only by voluntary waiver as provided in this
9 Section.

10 (iii) In addition to the powers set forth in items (i)
11 and (ii), the Authority has any powers otherwise enjoyed by
12 the Authority in connection with the issuance of its bonds
13 if those powers are not in conflict with any provisions
14 with respect to recovery zone bonds set forth in ARRA.

15 (iv) The Authority has the power to adopt regulations
16 providing for the implementation of any of the provisions
17 contained in this Section, including provisions regarding
18 waiver agreements and the reallocation of all or any
19 portion of the allocation amount and sub-allocations and
20 the issuance of recovery zone bonds; except that those
21 regulations shall not (1) apply to or affect any
22 designation of a recovery zone by a county or municipality,
23 (2) provide for any waiver or reallocation of an affected
24 local government's sub-allocation other than a voluntary
25 waiver as described in subsection (d), or (3) be
26 inconsistent with the provisions of subsection (d)(i).

1 Regulations adopted by the Authority for determining
2 reallocation of all or any portion of a waived recovery
3 zone bond allocation may include, but are not limited to,
4 (1) the ability of the county or municipality to issue
5 recovery zone bonds on or before December 31, 2010, (2) the
6 amount of jobs that will be retained or created, or both,
7 by the qualifying project to be financed by recovery zone
8 bonds, and (3) the geographical proximity of the qualifying
9 project to be financed by recovery zone bonds to a county
10 or municipality that voluntarily waived its sub-allocation
11 to the Authority.

12 (v) Unless extended by an act of the United States
13 Congress, no recovery zone bonds may be issued after
14 December 31, 2010.

15 (e) Established dates for notice.

16 Any affected local government or any regional authority
17 that has issued recovery zone bonds on or before the effective
18 date of this Section must report its issuance of recovery zone
19 bonds to the Authority within 30 days after the effective date
20 of this Section. After the effective date of this Section, any
21 affected local government or any regional authority must report
22 its issuance of recovery zone bonds to the Authority not less
23 than 30 days after those bonds are issued.

24 (f) Reports to the General Assembly.

1 Starting 60 days after the effective date of this Section
2 and ending on January 15, 2011, the Authority shall file a
3 report before the 15th day of each month with the General
4 Assembly detailing its implementation of this Section,
5 including but not limited to the dollar amount of the
6 allocation amount that has been reallocated by the Authority
7 pursuant to this Section, the recovery zone bonds issued in the
8 State as of the date of the report, and descriptions of the
9 qualifying projects financed by those recovery zone bonds.

10 (20 ILCS 3501/825-110 new)

11 Sec. 825-110. Implementation of ARRA provisions regarding
12 qualified energy conservation bonds.

13 (a) Definitions.

14 (i) "Affected local government" means any county or
15 municipality within the State if the county or municipality
16 has a population of 100,000 or more, as defined in Section
17 54D(e)(2)(C) of the Code.

18 (ii) "Allocation amount" means the \$133,846,000 amount
19 of qualified energy conservation bonds authorized under
20 ARRA for the financing of qualifying projects located
21 within the State and the sub-allocation of those amounts
22 among each affected local government.

23 (iii) "ARRA" means, collectively, the American
24 Recovery and Reinvestment Act of 2009, including, without

1 limitation, Section 54D of the Code; the guidance provided
2 by the Internal Revenue Service applicable to qualified
3 energy conservation bonds; and any legislation
4 subsequently adopted by the United States Congress to
5 extend or expand the economic development bond financing
6 incentives authorized by ARRA.

7 (iv) "ARRA implementing regulations" means the
8 regulations promulgated by the Authority as further
9 described in subdivision (c)(iv) of this Section to
10 implement the provisions of this Section.

11 (v) "Code" means the Internal Revenue Code of 1986, as
12 amended.

13 (vi) "Qualified energy conservation bond" means any
14 qualified energy conservation bond issued pursuant to
15 Section 54D of the Code.

16 (vii) "Qualified energy conservation bond allocation"
17 means an allocation of authority to issue qualified energy
18 conservation bonds granted pursuant to Section 54D of the
19 Code.

20 (viii) "Regional authority" means the Central Illinois
21 Economic Development Authority, Eastern Illinois Economic
22 Development Authority, Joliet Arsenal Development
23 Authority, Quad Cities Regional Economic Development
24 Authority, Riverdale Development Authority, Southeastern
25 Illinois Economic Development Authority, Southern Illinois
26 Development Authority, Southwestern Illinois Development

1 Authority, Tri-County River Valley Development Authority,
2 Upper Illinois River Valley Development Authority,
3 Illinois Urban Development Authority, Western Illinois
4 Economic Development Authority, or Will-Kankakee Regional
5 Development Authority.

6 (ix) "Sub-allocation" means the portion of the
7 allocation amount allocated to each affected local
8 government.

9 (x) "Waived qualified energy conservation bond
10 allocation" means the amount of the qualified energy
11 conservation bond allocation that an affected local
12 government elects to reallocate to the State pursuant to
13 Section 54D(e) (2) (B) of the Code.

14 (xi) "Waiver agreement" means an agreement between the
15 Authority and an affected local government providing for
16 the reallocation, in whole or in part, of that affected
17 local government's sub-allocation to the Authority. The
18 waiver agreement may provide for the payment of an affected
19 local government's reasonable fees and costs as determined
20 by the Authority in connection with the affected local
21 government's reallocation of its sub-allocation.

22 (b) Findings.

23 It is found and declared that:

24 (i) it is in the public interest and for the benefit of
25 the State to maximize the use of economic development

1 incentives authorized by ARRA;

2 (ii) those incentives include the maximum use of the
3 allocation amount for the issuance of qualified energy
4 conservation bonds to promote energy conservation under
5 the applicable provisions of ARRA; and

6 (iii) those incentives also include the issuance by the
7 Authority of qualified energy conservation bonds for the
8 purposes of financing qualifying projects to be financed
9 with proceeds of qualified energy conservation bonds.

10 (c) Powers of Authority.

11 (i) In order to carry out the provisions of ARRA and
12 further the purposes of this Section, the Authority has:

13 (A) the power to receive from any affected local
14 government its sub-allocation that it voluntarily
15 waives to the Authority, in whole or in part, for
16 allocation by the Authority to a regional authority
17 specifically designated by that affected local
18 government, and the Authority shall reallocate that
19 waived qualified energy conservation bond allocation
20 to the regional authority specifically designated by
21 that affected local government; provided that (1) the
22 affected local government must take official action by
23 resolution or ordinance, as applicable, to waive the
24 sub-allocation to the Authority and specifically
25 designate that its waived qualified energy

1 conservation bond allocation should be reallocated to
2 a regional authority; (2) the regional authority must
3 use the sub-allocation to issue qualified energy
4 conservation bonds on or before August 16, 2010 and, if
5 qualified energy conservation bonds are not issued on
6 or before August 16, 2010, the sub-allocation shall be
7 deemed waived to the Authority for reallocation by the
8 Authority to qualifying projects; and (3) the proceeds
9 of the qualified energy conservation bonds must be used
10 for qualified projects within the jurisdiction of the
11 applicable regional authority;

12 (B) at the Authority's sole discretion, the power
13 to reallocate any sub-allocation deemed waived to the
14 Authority pursuant to subsection (c)(i)(A)(2) back to
15 the Regional Authority that had the sub-allocation;

16 (C) the power to enter into waiver agreements with
17 affected local governments to provide for the
18 reallocation, in whole or in part, of their
19 sub-allocations, to receive waived qualified energy
20 conservation bond allocations from those affected
21 local governments, and to use those waived qualified
22 energy conservation bond allocations, in whole or in
23 part, to issue qualified energy conservation bonds of
24 the Authority for qualifying projects or to reallocate
25 those qualified energy conservation bond allocations,
26 in whole or in part, to a county or municipality to

1 issue its own energy conservation bonds for qualifying
2 projects; and

3 (D) the power to issue qualified energy
4 conservation bonds for any project authorized to be
5 financed with proceeds thereof under the applicable
6 provisions of ARRA.

7 (ii) In addition to the powers set forth in item (i),
8 the Authority shall be the sole recipient, on behalf of the
9 State, of any waived qualified energy conservation bond
10 allocations. Qualified energy conservation bond
11 allocations can be reallocated to the Authority only by
12 voluntary waiver as provided in this Section.

13 (iii) In addition to the powers set forth in items (i)
14 and (ii), the Authority has any powers otherwise enjoyed by
15 the Authority in connection with the issuance of its bonds
16 if those powers are not in conflict with any provisions
17 with respect to qualified energy conservation bonds set
18 forth in ARRA.

19 (iv) The Authority has the power to adopt regulations
20 providing for the implementation of any of the provisions
21 contained in this Section, including the provisions
22 regarding waiver agreements and reallocation of all or any
23 portion of the allocation amount and sub-allocations and
24 the issuance of qualified energy conservation bonds;
25 except that those regulations shall not (1) provide any
26 waiver or reallocation of an affected local government's

1 sub-allocation other than a voluntary waiver as described
2 in subsection (c) or (2) be inconsistent with the
3 provisions of subsection (c)(i). Regulations adopted by
4 the Authority for determining reallocation of all or any
5 portion of a waived qualified energy conservation
6 allocation may include, but are not limited to, (1) the
7 ability of the county or municipality to issue qualified
8 energy conservation bonds by the end of a given calendar
9 year, (2) the amount of jobs that will be retained or
10 created, or both, by the qualifying project to be financed
11 by qualified energy conservation bonds, and (3) the
12 geographical proximity of the qualifying project to be
13 financed by qualified energy conservation bonds to a
14 municipality or county that reallocated its sub-allocation
15 to the Authority.

16 (d) Established dates for notice.

17 Any affected local government or regional authority that
18 has issued qualified energy conservation bonds on or before the
19 effective date of this Section must report its issuance of
20 qualified energy conservation bonds to the Authority within 30
21 days after the effective date of this Section. After the
22 effective date of this Section, any affected local government
23 or any regional authority must report its issuance of qualified
24 energy conservation bonds to the Authority not less than 30
25 days after those bonds are issued.

1 (e) Reports to the General Assembly.

2 Starting 60 days after the effective date of this Section
3 and ending when there is no longer any allocation amount, the
4 Authority shall file a report before the 15th day of each month
5 with the General Assembly detailing its implementation of this
6 Section, including but not limited to the dollar amount of the
7 allocation amount that has been reallocated by the Authority
8 pursuant to this Section, the qualified energy conservation
9 bonds issued in the State as of the date of the report, and
10 descriptions of the qualifying projects financed by those
11 qualified energy conservation bonds.

12 Section 99. Effective date. This Act takes effect upon
13 becoming law.